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UNCLAS SECTION 01 OF 03 VILNIUS 000098

SIPDIS

STATE FOR EUR/PPD and EUR/NB

E.O. 12958: N/A

TAGS: [KPAO](#) [PGOV](#) [LH](#)

SUBJECT: AMBASSADOR STRESSES CIVIL SOCIETY AND TOLERANCE IN PANEVEZYS

1. SUMMARY: Ambassador Mull traveled to Panevezys, Lithuania's fifth largest city, on January 19 to congratulate local officials on their successful efforts to combat crime, lower unemployment, and develop local industry. At the same time, the Ambassador expressed concern over the emigration of the Lithuanian workforce and the challenges of defending civil society, confronting "democracy fatigue", and promoting tolerance of minority views. He expressed support for civil society a meeting with local NGO representatives, toured a business with U.S. ties, and encouraged young students to study and travel in America during a high school speech. END SUMMARY.

Background

2. The visit to Panevezys was the latest in a series of Ambassadorial trips to regional cities. Strategically located on the Via Baltica highway linking the Baltic capitals with Central Europe, Panevezys is an industrial center in Northeast Lithuania. The city is home to several major Lithuanian companies, including Ekranas, a large producer of television tubes, and Kalnapilis, a brewery. However, small and medium-sized companies remain the source of regional economic development. The city was previously known as the "Lithuanian Chicago" because of organized crime's reputed presence there, but media reports and crime statistics indicate that the crime situation has improved in recent years.

Trip Themes

3. The Ambassador arrived in Panevezys bearing a message of praise for political leaders and law enforcement officials for their work in combating crime, easing unemployment, and promoting economic growth. At the same time, he registered concern about the regional implications of youth emigration to the west, and inquired about rising public cynicism about democratic institutions. The Ambassador also lauded Lithuania's transition to a vibrant, free democracy and emphasized the strong bilateral relationship, assuring interlocutors that Lithuania's close relationship with the United States would continue.

4. The day in Panevezys also afforded the Ambassador the opportunity to promote economic cooperation between the United States and Lithuania and consult with a local business on the regional business climate. The Ambassador emphasized the importance of tolerance of minorities, and civil society, and free expression in democracy. Finally, even while acknowledging the hurdles of cost and paperwork formalities, the Ambassador stressed the benefits of American higher education and encouraged young Lithuanians to study and travel in the United States.

A City on the Road to Success

5. At a meeting with political leaders from the city and surrounding regions, interlocutors focused much of the discussion on economic development and foreign investment. Panevezys Regional Mayor Povilas Zagunis discussed the benefits and challenges associated with the location of his city along the Via Baltica, a major route linking the Baltic countries with Central and Western Europe. He also cited Panevezys's strategic position at a crossroads of key transport links to the port city of Klaipeda. Panevezys City Mayor Vitas Matuzas acknowledged that public officials remained concerned about the westward emigration of large numbers of Lithuanians, arguing that the shrinking workforce was an important challenge nationwide.

6. In response to the Ambassador's question on whether the area had seen signs of EU funds, Kupiskis Regional Mayor Leonas Apsega asserted that the region has not yet benefited from EU structural fund support. Commenting that the world is getting smaller, Panevezys County Governor Gema Umbrasienė cited the collaborative links that her region has established with neighboring countries, such as Ukraine.

The Lithuanian Chicago Sheds Some Notoriety

7. In a city previously known as the Lithuanian Chicago because of its highly publicized ties to organized crime, the Ambassador congratulated local law enforcement officials for their progress in combating crime.

Citing reports that the crime situation has shown signs of improvement in recent years, and stressing the important challenge that all democracies face in protecting a free society, the Ambassador praised his hosts for their substantial progress since his first visit to Panevezys in November 2003. While recognizing this recent success, the interlocutors still pointed to the ongoing crime-related challenges they face including the institutional challenge of losing qualified police officers to better-paid professions. The Prosecutors and City Police Commissioner also agreed with the Ambassador on the importance of grappling with the vital issues of intellectual property rights and trafficking in persons.

Succeeding in a Fragile Business

18. In a visit to one of Panevezys's successful glassmaking studios, the Ambassador inquired about the difficulties his hosts. The owner and founder of Glassremis, Remigijus Kriukas, cited excessive red tape such as delays in obtaining permits for factory equipment. Operating with American-made furnaces, Glassremis exports 82% of its total production; one-fifth of these exports go to the United States. Kriukas acknowledged the national challenge of workforce migration, but could not point to any adverse effects on his own business.

A Staunch Defense of Civil Society

19. The day offered an important opportunity to heighten the profile of civil society organizations in Lithuania. At a roundtable discussion with NGO organizations, many of whom represented women, minorities, a youth groups, the Ambassador drew attention to the troubling media attacks against civil society, reaffirmed the vital role that these organizations played in free society, and inquired about the danger of declining public enthusiasm for democratic institutions. The civil society representatives cited the importance of civic activism and raised the issue of character education as a means of fighting corruption. They mentioned the scarcity of funding as a primary obstacle.

110. Many organizations lamented the ongoing problem of intolerance and discussed the challenge for minority groups to integrate while preserving their heritage and ethnic identities. A representative of the Association of National Minorities bemoaned the waning prominence of Russian culture and growing apathy in the ethnic Russian community others challenged her view. Virginija Vaicekoniene of the Regional Ethics and Leadership Institute stressed the importance of character education in democratic societies, arguing that the most important key to democracy's survival is the character of the people.

Welcoming Lithuanian Students with Open Arms

11. As he often does during his trips throughout Lithuania, the Ambassador stopped at a local high school to reach out to young Lithuanians. Speaking before over 150 students, the Ambassador discussed American youth cultural trends, urged his audience to consider studying in the United States, and sought to allay students' concerns about the visa application process. He presented an Embassy-produced DVD that welcomed Lithuanians to visit America and outlined opportunities available at American institutions of higher education. Eager students took the opportunity to ask the Ambassador about the qualifying exams that U.S. universities require, the Visa Waiver Program, and the differences between American and Lithuanian educational systems.

Media Coverage

12. The visit attracted wide media coverage from local media sources. The Ambassador responded to questions from local newspapers and television news. In an exclusive interview with a leading city newspaper, the Ambassador focused on the strength of American-Lithuanian friendship and cooperation, commented on Lithuania's impressive economic growth, praised GOL's efforts to promote democracy in neighboring countries, and complimented Panevezys on its law enforcement successes. He also responded to questions on the Visa Waiver Program, emphasizing our goal to welcome as many legitimate Lithuanian visitors as possible to study and travel in the United States.

COMMENT

13. Emerging from a rocky period of "Chicago" crime references and a painful post-independence privatization process, Panevezys appears to have turned a corner. Regional leaders will remain busy guarding against a resurgence of crime, dissuading young workers from leaving town, and attracting foreign investment. The city's diverse NGO sector

is an encouraging sign, as civil societys bright and active leaders battle to spur civic participation and tolerance. This undercurrent intolerance remains an impediment to democratic development; civil society groups face an uphill road ahead as they work to raise the profile of this important issue. End comment.

MULL